

# NOTICE OF FUNDING AVAILABILITY

Community Development Block Grant Program  
Economic Development Allocation

**OVER-THE-COUNTER COMPONENT**  
**2003-04**



STATE OF CALIFORNIA  
Department of Housing and Community Development  
Division of Community Affairs  
Community Development Block Grant Program (CDBG)  
**2710 Gateway Oaks Drive**  
**North Building, Suite 190**  
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STATE OF CALIFORNIA  
GRAY DAVIS, GOVERNOR

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

**MARIA CONTRERAS-SWEET, SECRETARY**

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

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## **ECONOMIC DEVELOPMENT ADVISORY COMMITTEE**

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Director, Planning and Development  
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**William Pavão, Deputy Director**  
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**Paula Connors, Economic Development Consultant**

**Roxann Middleton Burns, Vice President and Sr. Loan Officer**  
Greater Bay Bank

Program Consultant

**Charles Wolf, Jr., President/CEO**  
Claggett Wolfe Associates

**NOTICE OF FUNDING AVAILABILITY**

**STATE OF CALIFORNIA  
COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM**

**ECONOMIC DEVELOPMENT ALLOCATION  
OVER-THE-COUNTER COMPONENT  
2003-04**

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## 1. FUNDING NOTICE

The Department of Housing and Community Development (Department) announces the availability of approximately **\$4.8** million for the 2003-04 funding cycle of the Over-The-Counter (OTC) Program Component of the State Community Development Block Grant (CDBG) Program's Economic Development Allocation. There is a separate funding notice for the Economic Development Allocation's California Community Economic Enterprise Fund Enterprise Fund) Component. Other funding notices are issued for the General\Native American Allocation and the Planning/Technical Assistance Allocation. Contact the Program secretary for information about other notices (see page 2 for address and telephone information).

### Authorizing Legislation and Regulations

The Program is authorized by the Housing and Community Development Act of 1974 (the "Act") as amended<sup>1</sup>, and Subpart I of the Federal Community Development Block Grant Regulations.<sup>2</sup> The requirements of the State Program are in the State CDBG Regulations, Title 25 of the California Code of Regulations, Section 7050, et seq.

This NOFA summarizes portions of the regulations that are likely to be of greatest interest or that require further explanation. In the interest of brevity, the NOFA does not cover many regulatory provisions that apply and may be important to a particular applicant or that are necessary for proper completion of the application. Potential applicants are urged to review the regulations and the application-training manual, to attend the application preparation workshop and to contract Program staff with additional questions.

### Application Package

The Application Package and Training Manual are separate documents. **The Application contains the required forms for application submittal. The Training Manual contains detailed descriptions of the requirements. Please refer to these documents to prepare your application. IF YOU ARE INTERESTED IN APPLYING FOR FUNDING, YOU MUST REQUEST THE APPLICATION AND TRAINING MANUAL PACKAGE FROM THE CDBG PROGRAM.**

To obtain an application and training manual package, please go to our website at:

<http://www.hcd.ca.gov/ca/cdbg/funds/>

or you may fax or mail the form attached at the end of this NOFA or call your Economic Development Representative (Appendix A) or the Program Secretary at [Styhurst@hcd.ca.gov](mailto:Styhurst@hcd.ca.gov), or (916) 263-0485.

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<sup>1</sup> Title I of the Housing and Community Development Act of 1974 as amended. 42 U.S.C. 5301 et seq., Federal Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35).

<sup>2</sup> 24 CFR, Part 570, Subpart I.

## 2. USES OF FUNDS

Under the OTC Program, the Department provides grant funds to eligible cities and counties for the following purposes:

- to make loans to employers for an identified CDBG-eligible activity which will result in the creation or retention of permanent jobs; or
- to construct infrastructure improvements which are necessary to accommodate the creation, expansion or retention of a business that will create or retain jobs.

## 3. APPLICATION DATES AND DETAILS

a. Key dates:

NOFA release:	July 1, 2003
Application release:	July 2, 2003
Applications accepted at HCD:	Continuously, Upon Invitation

b. Number of copies: **Original and one (1) copy, both with all required attachments.**

c. Mail to or Deliver to: State Community Development Block Grant Program  
California Dept. of Housing and Community Development  
**2710 Gateway Oaks Drive, North Building, Suite 190  
Sacramento, CA 95833**

Telephone: (916) 263-0484 (Program Secretary)  
Email: <mailto:Styhurst@hcd.ca.gov>  
Fax: (916) 263-0489

d. Application workshops

The Department will present informational workshops throughout the State. The dates and locations of these workshops are posted at our website at;

<http://www.hcd.ca.gov/ca/cdbg/>

The workshops will include a brief overview of the OTC Program, a discussion of the application and evaluation criteria, and the requirements for application preparation and submission. Eligible applicants who wish to attend the workshop should review this NOFA and the Application Package and come prepared with questions and ideas for preparing an application.

e. Application review process

**Pre-Application and Pre-Application Meeting**

**Prior to submitting an application to the Department, the applicant must contact their CDBG-ED Representative and schedule an on site meeting with, at a minimum, a representative of the jurisdiction submitting the application, the owner or owners of the business receiving assistance, the programs financial consultant and their CDBG-ED Representative. A pre-application should be prepared prior to the meeting and distributed to all parties attending the pre-application meeting. The owners will need to be prepared to bring financial information to this meeting sufficient to represent an eligible project.**

**Invitation to Submit and Application**

**When it is determined that the project is ready to move forward in the process the jurisdiction will be invited to submit a full application to the Department.**

**Application Submittal**

**Invitations to submit an application will be made on a continuous basis until all funds are committed. Upon receipt of an application, the Department will review the application under a three-stage process. The application will first be reviewed for completeness. If the application is incomplete, the application will be returned to the applicant within 30 days of receipt of the application with a written explanation of any deficiencies that must be corrected prior to resubmission.**

**If the application is determined to be complete, the application will then be evaluated using the application rating factors to determine if the application meets minimum threshold criteria. If the application fails to meet the minimum threshold criteria, the application will be returned to the applicant with a written explanation of any deficiencies that must be corrected prior to resubmission.**

**If the application is complete and the minimum threshold criteria are met, the application will be financially underwritten using HUD underwriting guidelines. The application will be further reviewed to ensure at least a minimum level of public benefit and compliance with other factors specified in state regulations. Applications that are found to be feasible and meet all program requirements will be summarized in a staff report that is presented to the Economic Development Advisory Committee at a public meeting held approximately **forty-five (45) days** from the receipt of a complete application.**

**The staff report summarizes the project and recommends approval or denial of the application. The Advisory Committee reviews the report, and either accepts, rejects or modifies the staff recommendation. The Advisory Committee then votes**

on a funding recommendation to be provided to the Director of the Department who has final approval authority. The Director's funding decision is made **approximately sixty (60) days** from the receipt of a complete application.

f. Awards processing

All funded applications are processed through a Standard Agreement (Agreement). The Agreement contains information about the terms and special conditions of the award. Special conditions must be met within **ninety (90) days** of the State's execution of the Agreement (stamped approval date). If the conditions are not met, the Department will terminate the Agreement. Applicants should not incur any grant-related costs prior to the stamped approval date. Information about processing times and authorization requirements will be provided at the time the Agreement is sent to the grantee.

g. Whom to contact for further information

For further information, please call your CDBG Economic Development Representative (see Appendix A) or the CDBG Program Secretary at (916) 263-0484; fax number (916) 263-0489.



#### 4. FUNDING LIMITS

##### Maximum award limits

- a combined total of \$800,000 per year under both the Economic Development and General Native American components<sup>1</sup>
- \$500,000 per jurisdiction per program year for the OTC component (Applicants may jointly apply for OTC funds, requesting up to \$500,000<sup>2</sup> for each co-applicant jurisdiction)
- \$35,000 per year for the Economic Development and \$35,000 per year for the General Planning and Technical Assistance components
- After December 31 of each program year a jurisdiction may request a funding cap waiver of the maximum OTC award limit.

A jurisdiction may request \$1 million in a single application for a single project under the following conditions: 1) the nature and scope of the project are such that the expenditure of the \$500,000 single-year limit would not be sufficient to meet a national objective; and 2) the Program would award the \$1 million over a two-year period. Applicants who apply for more than \$500,000 must demonstrate why their program or portions of it cannot be completed in segments of \$500,000 or less. **Cost savings alone is not acceptable basis for a two-year funding award.**

#### 5. ELIGIBLE APPLICANTS

In general, incorporated cities less than 50,000 population and counties with an unincorporated area population of under 200,000 persons are eligible to participate in the State CDBG Program. The following exceptions apply:

- a. If a city under 50,000 population has entered into a three-year urban county Cooperation Agreement with the U.S. Department of Housing and Urban Development (HUD), that city cannot participate in the State CDBG Program until the expiration of the Agreement.
- b. If a city under 50,000 population has been declared the central city of a Standard Metropolitan Statistical Area, it cannot participate because it is entitled to receive CDBG funds directly from HUD.

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1. Not counted toward this total are awards for Planning and Technical Assistance, Colonias, and the Native American Allocations.
  2. A jurisdiction may request \$1 million in a single application for a single project under the following conditions: 1) the nature and scope of the project are such that the expenditure of the \$500,000 single-year limit would not be sufficient to meet a national objective; and 2) the Program would award the \$1 million over a two-year period. Applicants who apply for more than \$500,000 must demonstrate why their program or portions of it cannot be completed in segments of \$500,000 or less. **Cost savings alone is not acceptable basis for a two-year funding award.**

**In addition, all applicants must meet the following criteria to be considered for funding:**

a. No unresolved audit findings or performance problems

The applicant shall have resolved any audit findings or performance problems for prior State CDBG grants awarded under this program. The Department may waive this requirement when:

- such problems or findings result in no obligation to return funds to the grantor;
- arrangements satisfactory to the grantor have been made for repayment or performance; or
- a formal action to resolve the matter has been taken.

Some jurisdictions may be held out from receiving funds if there are unresolved findings from monitoring of prior CDBG grants. If you are unsure of your status, contact your Economic Development Representative for guidance.

b. Housing Element compliance

The Department will not reject an application based on either the content of the housing element or the Department's findings on the element, except as may otherwise be provided in Section 50830 of the Health and Safety Code.

The housing element requirement for award of grant funds is found in Section 7056(b)(1) of the Program's Regulations. Housing element compliance requirements are found in the Government Code, Title 7, Division 1, Chapter 3, Article 10.6, beginning with Section 65580.

c. Growth Control

Pursuant to Health and Safety Code Section 50830, no city or county is eligible to receive CDBG funds if the city or county has adopted a general plan, ordinance, or other measure which directly limits, by number, the building permits that may be issued for residential construction, or the building lots which may be developed for residential purposes. However, this provision shall not be applicable to:

- 1) an ordinance adopted by a city or county which does any of the following:
  - a) imposes a moratorium to protect the public health and safety on residential construction for a specified period of time if, under the terms of the ordinance, the moratorium will cease when the public health and safety is no longer jeopardized by the construction;
  - b) creates agricultural preserves under Chapter 7 (commencing with Section 51200) of Part 2 of Division 1 of Title 5 of the Government Code; or
  - c) was adopted pursuant to a specific requirement of a State or multi-State board, agency, department, or commission; or
- 2) city or county which has a housing element that the Department has found to be adequate pursuant to subdivision (c) of Section 65585 or Section 65586 of the Government Code at the time the city or county applies for funds under the State CDBG Program, unless a final court order has found that such housing element is not in compliance with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7 of the Government Code.

## **6. ELIGIBLE ACTIVITIES**

Local governments apply to the Department on behalf of an identified business or developer. The Department does not make direct loans or grants to the business or developer. The CDBG grant award is made to the City or County. CDBG funds are considered gap financing and are designed to leverage the maximum feasible amount of private and or other public financing. CDBG is typically not the sole source of financing.

Typical eligible activities are:

- a. construction loans (business/developer);
- b. equipment purchase loans (business/developer);
- c. working capital loans (business/developer);
- d. land acquisition loans (business/developer);
- e. loans for privately owned on-site improvements (business/developer);
- f. loans for business start-ups (business);
- g. loan guaranties (business/developer);
- h. grants for publicly owned infrastructure/off-site improvements (city/county);
- i. grants or loans for small business incubators (city/county); and

Other funding activities may also be eligible. Contact your Economic Development Representative prior to submitting an application for an activity not listed above.

**Note:** Not all costs are eligible for CDBG purposes. The timing of expenditure of project activity funds can also affect the eligibility of costs for reimbursement. In general, only costs incurred after execution of the Standard Agreement can be paid for with CDBG funds. In addition, only project costs incurred after the completion of the National Environmental Policies Act environmental review are eligible for reimbursement. Applicants are advised to contact their Economic Development Specialist in advance for confirmation of the allowable uses of funds.

## **7. PROGRAM REQUIREMENTS**

Funded activities must meet State and Federal CDBG program requirements, including meeting a national objective, ensuring sufficient public benefit, and meeting HUD underwriting guidelines.

### **a. National Objective Requirement**

Each activity must meet at least one of three national objectives:

- 1) **Benefit to the Targeted Income Group (TIG).** At least 51 percent of the jobs created or retained by an activity must benefit the Targeted Income Group (TIG). TIG includes “lowest targeted income group (LTIG)” and is based on a county’s median income limit adjusted for family size as provided annually by the Department of Housing and Urban Development. TIC is 80 percent and below of the adjusted county median family income. LTIG is 50 percent and below of the adjusted county median family income.
- 2) **Aid in the prevention or elimination of slums or blight.**
- 3) **Meet a community development need having a particular **urgency**.**

### **b. Public Benefit**

All projects must achieve a minimum level of public benefit from the expenditure of CDBG funds. Minimum standards for public benefit are as follows:

- 1) The project must lead to the creation or retention of at least one full-time equivalent job per \$35,000 of CDBG funds used; or

The project provide goods and services to residents of an area, such that the number of TIG persons residing in the areas served by the assisted business amounts to at least one TIG persons per \$350 of CDBG funds used.

**Note: New jobs must be generated within 24 months of execution of the Standard Agreement.**

c. HUD and State Underwriting Guidelines and Project Review Criteria

Prior to award, the Department will underwrite to ensure projects are financially viable and will make the most effective use of the CDBG funds. The objectives of the underwriting guidelines are to ensure that:

- 1) Project costs are reasonable;
- 2) All sources of project financing are committed;
- 3) CDBG funds are not substituted for other available funds;
- 4) The project is financially feasible;
- 5) The return on the owner's equity is not unreasonable; and
- 6) CDBG funds are disbursed on a pro rata basis with financing provided to the project.

The State review criteria evaluate the project under additional factors, such as intrastate relocation.

**8. APPLICATION EVALUATION CRITERIA AND POINT SCORING**

Each application will undergo a three-stage review process. If the application is determined to be deficient during any stage of the review process, the applicant can correct the identified deficiencies and resubmit the application to begin the review process again.

**Stage 1 - Completeness**

The first stage of review determines if the application contains sufficient information to allow the Department to determine the project's feasibility and eligibility under CDBG State and Federal regulations.

**Stage 2 - Program Threshold Criteria**

The second stage of the review process utilizes objective data to evaluate whether the application sufficiently promotes CDBG program objectives. This review rates the application according to five factors by allocating points to each rating factor. Points are assigned according to criteria in the State CDBG Regulations, Sections 7062.1 (c) (7). The application must attain at least 50 points of the 80 total points to be eligible to pass on to the third review stage.

<b>Factor</b>	<b>Maximum # of Points</b>
Percent of county-wide unemployment relative to the statewide average	25
Ratio of CDBG funds per unit of public benefit - maximum of \$35,000 per job created or retained or \$350 per TIG person served.	15
Ratio of private funds to CDBG funds	15
Quality of applicant's past performance of CDBG ED grants	15
Percent of funds allocated to applicant's general administrative costs	10
<b>TOTAL POINTS</b>	<b>80</b>

### **Stage 3 - Feasibility**

At this evaluation stage, the Department will review the project for compliance with national objectives, public benefit, and HUD underwriting guidelines (See Section 7. Program Requirements). Additionally, the project will be reviewed using factors specified in State CDBG regulations, including the following:

1. Extent of applicant's need for CDBG funds given the local economic development need;
2. effect of local and other regulatory requirements on the proposed project;
3. status of the ownership or control of any real estate needed for the proposed activities;
4. extent to which the proposed activities involve intrastate relocation of jobs or businesses, and
5. the extent of recruitment, training, and promotional opportunities for targeted income groups.

## **9. GENERAL ADMINISTRATION COSTS**

Applicant may request up to seven and one-half percent (7.5%) of the total grant amount for administrative costs, provided that such amounts are justified for the type and complexity of the program, and that the costs are documented.

## **10. PUBLIC HEARINGS**

CDBG Regulations require that two public hearings be held before the jurisdiction submits an application to the Department. The first hearing must be held during the program design stage. The second must be held before the application is sent to HCD.

See Appendix B for more information about the public hearings requirement.

## **11. STATEMENT OF ASSURANCES**

### **a. Applicable laws and regulations/applicant certification**

Federal and State statutes, regulations, and Executive Orders apply to the CDBG program. Some pertain to all local CDBG activities such as audits and procurement standards. Other are specific to certain activities, such as relocation law and labor standards.

By State regulation, 25 California Code of Regulations Section 7070 (c)(3), applicants must submit a certification signed by the Chief Executive Officer. This certification must provide assurances that the jurisdiction and all sub-recipients will comply with all State and federal requirements.

The Statement of Assurances must be signed by the jurisdiction's Chief Executive Officer, regardless of any signatory designation in the governing body's resolution authorizing submission of the application.

### **b. Responsibility for compliance**

Grantees are responsible for complying with State, Federal, and applicable local laws and regulations that apply to the expenditure of State CDBG funds.

## **12. PUBLIC RECORDS ACT**

Applications and grant agreements are public information and are available for review by the public. Applicants are advised that information submitted to the State may have to be made available to the public under the State Public Records Act unless an exemption under this Act applies to the information submitted and the applicant establishes a valid claim of confidentiality under such exemption.

**APPENDICES**

- A. Eligible Jurisdictions and CDBG Economic Development Staff Assignments
- B. Public Hearings Requirement



## APPENDIX A

### ELIGIBLE JURISDICTIONS AND CURRENT ECONOMIC DEVELOPMENT STAFF ASSIGNMENTS

#### **Economic Development Staff**

Larry Davis, Program Manager (916) 263-0468  
[Ldavis@hcd.ca.gov](mailto:Ldavis@hcd.ca.gov)

Stacy Tyhurst, Program Secretary (916) 263-0484  
[Styhurst@hcd.ca.gov](mailto:Styhurst@hcd.ca.gov)

Ursula Eilat (916) 263-0477  
[Ueilat@hcd.ca.gov](mailto:Ueilat@hcd.ca.gov)

Janet Myles (916) 263-0463  
Leadperson  
[Jmyles@hcd.ca.gov](mailto:Jmyles@hcd.ca.gov)

Gayle Pitt (916) 263-0471  
[Gpitt@hcd.ca.gov](mailto:Gpitt@hcd.ca.gov)

Kenneth Sano (916) 263-0474  
[Ksano@hcd.ca.gov](mailto:Ksano@hcd.ca.gov)

- The asterisk indicates counties that participate in the HUD CDBG Entitlement Program, and are not eligible to compete for funding under the State CDBG Small Cities Program. Only the cities listed under the asterisked counties are eligible to compete for State CDBG funding.

## ELIGIBLE JURISDICTIONS AND STAFF ASSIGNMENTS

ALPINE COUNTY	Gayle Pitt
AMADOR COUNTY Amador City Ione Jackson Plymouth Sutter Creek	Janet Myles
BUTTE COUNTY  Biggs Gridley Oroville	Ken Sano
CALAVERAS COUNTY Angels Camp	Janet Myles
COLUSA COUNTY Colusa Williams	Ursula Eilat
*CONTRA COSTA COUNTY Oakley	Ursula Eilat
DEL NORTE COUNTY Crescent City	Ursula Eilat
EL DORADO COUNTY Placerville South Lake Tahoe	Janet Myles
*FRESNO Fowler Huron Mendota Orange Cove San Joaquin	Gayle Pitt
GLENN COUNTY Orland Willows	Ken Sano

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## Eligible Jurisdictions and Staff Assignments

### HUMBOLDT COUNTY

Ursula Eilat

Arcata  
Blue Lake  
Eureka  
Ferndale  
Fortuna  
Rio Dell  
Trinidad

### IMPERIAL COUNTY

Gayle Pitt

Brawley  
Calexico  
Calipatria  
El Centro  
Holtville  
Imperial  
Westmorland

### INYO COUNTY

Gayle Pitt

Bishop

### \*KERN COUNTY

Gayle Pitt

Delano  
Maricopa  
Ridgecrest  
Taft  
Wasco

### KINGS COUNTY

Gayle Pitt

Avenal  
Corcoran  
Hanford  
Lemoore

### LAKE COUNTY

Ursula Eilat

Clearlake  
Lakeport

### LASSEN COUNTY

Ken Sano

Susanville

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## ELIGIBLE JURISDICTIONS AND STAFF ASSIGNMENTS

*LOS ANGELES COUNTY	Gayle Pitt
Avalon	
Hidden Hills	
Industry	
Palos Verde Estates	
Vernon	
MADERA COUNTY	Janet Myles
Chowchilla	
MARIPOSA COUNTY	Janet Myles
MENDOCINO COUNTY	Ursula Eilat
Fort Bragg	
Point Arena	
Ukiah	
Willits	
MERCED COUNTY	Janet Myles
Atwater	
Dos Palos	
Gustine	
Livingston	
Los Banos	
MODOC COUNTY	Ken Sano
Alturas	
MONO COUNTY	Gayle Pitt
Mammoth Lakes	
MONTEREY COUNTY	Janet Myles
Carmel	
Del Rey Oaks	
Gonzales	
Greenfield	
King City	
Marina	
Pacific Grove	
Sand City	
Soledad	

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## Eligible Jurisdictions and Staff Assignments

NAPA COUNTY American Canyon Calistoga St. Helena Yountville	Ursula Eilat
NEVADA COUNTY Grass Valley Nevada City Truckee	Janet Myles
PLACER COUNTY Auburn Colfax Lincoln Loomis Rocklin	Janet Myles
PLUMAS COUNTY Portola	Ken Sano
*RIVERSIDE COUNTY Canyon Lake Rancho Mirage Indian Wells Coachella	Gayle Pitt
SAN BENITO COUNTY Hollister San Juan Bautista	Janet Myles
*SAN LUIS OBISPO COUNTY Arroyo Grande Morro Bay	Gayle Pitt
*SAN MATEO COUNTY Atherton	Ursula Eilat
SANTA BARBARA COUNTY Buellton Carpinteria Guadalupe Solvang	Gayle Pitt

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## Eligible Jurisdictions and Staff Assignments

SANTA CRUZ COUNTY Capitola Scotts Valley	Janet Myles
SHASTA COUNTY Anderson Shasta Lake	Ken Sano
SIERRA COUNTY Loyalton	Ken Sano
SISKIYOU COUNTY Dorris Dunsmuir Etna Fort Jones Montague Mount Shasta Tulelake Weed Yreka	Kenneth Sano
SOLANO COUNTY Benicia Dixon Rio Vista Suisun City	Ursula Eilat
STANISLAUS COUNTY Ceres Hughson Newman Oakdale Patterson Riverbank Waterford	Janet Myles
SUTTER COUNTY Live Oak	Janet Myles

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## Eligible Jurisdictions and Staff Assignments

TEHAMA COUNTY	Ken Sano
Corning	
Red Bluff	
Tehama	
TRINITY COUNTY	Ken Sano
TULARE COUNTY	Gayle Pitt
Dinuba	
Exeter	
Farmersville	
Lindsay	
Woodlake	
TUOLUMNE COUNTY	Janet Myles
Sonora	
YOLO COUNTY	Ursula Eilat
West Sacramento	
Winters	
YUBA COUNTY	Janet Myles
Marysville	
Wheatland	

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## **APPENDIX B**

### **PUBLIC HEARINGS REQUIREMENT**

#### **ABOUT PUBLIC HEARINGS**

A public hearing is a public meeting that has been publicly noticed in a local newspaper of general circulation, or noticed in a fashion which otherwise follows local procedures for formal noticing of public hearings. The only public hearing that must be held before the local governing body is the hearing prior to submitting an application for funding to CDBG. Any designated employee or agent of the city or county who is knowledgeable about the program may conduct all other public hearings. Hearings are required at the following stages of a CDBG grant:

#### **Before getting a CDBG grant**

1. At project design phase
2. Before submitting an application for funding
3. The Department requires that an adequate amount of time pass between the first and second hearings to insure the public has time to review and comment on eligible activities and proposals. The Department recommends 30 days between hearing dates.

#### **During the term of a CDBG contract**

1. Before making any program amendments involving more than 10 percent of the total program budget.
2. Before making any program amendments that constitute a change in policies, standards, or criteria for program implementation. Examples: changes to rehabilitation program guidelines, changes to economic development plans.
3. When adopting or revising a Program Income Re-use Plan.
4. Before spending any Program Income revolving loan fund where the expenditure has not been previously noticed to the public as part of the Program Income Re-Use Plan hearing process.
5. At the end of each program year, before submitting the annual Grantee Performance Report.

#### **At the end of the CDBG contract term**

Before submitting the final Grantee Performance Report and Certificate of Completion.



## **WHAT TO COVER IN THE PREAPPLICATION HEARINGS**

It is important to fully disclose the following information to the public at the public hearings held prior to submitting the application to the Department

**At project design phase.** At least one public hearing must be held during the time when the jurisdiction is deciding for which local project(s) or activity(s) to apply for CDBG funding. Residents of the area where CDBG funds will be used should be encouraged to participate. At this hearing, the following information should be offered:

- an explanation of the CDBG program
- an opportunity for attendees to ask questions and suggest possible uses of funds
- information about the amount of funding available
- the range of possible activities that may be undertaken with CDBG funds and the opportunities for citizen involvement as the program progresses
- discussion of the national objective of benefit to Targeted Income Group (TIG) persons or other national objective
- information about plans to minimize displacement that may occur as a result of grant funding
- information that any assessments resulting from a CDBG-funded project will not be paid by members of the lowest Targeted Income Group and whether Targeted Income Group households who benefit from the project must pay any assessments
- an invitation for written comments and how to submit such comments
- information about the availability of technical assistance to groups representing TIG persons that request such assistance in developing proposals

**Before submitting an application for funding.** After the application has been prepared, and before it is submitted to the Department, the jurisdiction must hold a second hearing. At this time, the same information in the first six items listed above should be covered. In addition, the jurisdiction should:

- fully describe the proposed activity(s) in the application
- provide information about the amount of funding that is being requested
- describe where each activity will be carried out and how it will meet the national objective of benefit to TIG persons

- provide information on the estimated time schedule to accomplish the activity
- provide opportunity for attendees to comment on the program, subject to the applicant's normal rules governing public hearings.

## **NOTICING REQUIREMENTS**

All hearings should be noticed as widely as possible and held at a time and place convenient to the public, with accommodations for persons with disabilities. Where a significant number of non-English persons can reasonably be expected to participate, the notice must be in the appropriate language(s) and provision should be made for interpreters at the hearing. Public notices always should contain the following information:

- **the time and place of the hearing**
- **the availability of a public information file about the CDBG program**
- **an invitation to submit written comments and guidance on where to send such comments.**

In addition to the information above, specific public hearings require specific information in the public notice.

1. At the **project design stage**, the Public Notice should contain information about:

- **the amount of CDBG funds available**
- **the kinds of activities that are eligible for funding**

At the **application submittal phase**, the Public Notice should contain information about:

- **the application's dollar amount**
- **the activities being proposed**
- **a relocation plan, if residents will be relocated as a result of the proposed activity**

When any changes are made or actions are taken **during the term of the grant** that have not already been disclosed to the public, the notice should include:

- **information about the action being taken**

Before submitting the final Grantee Performance Report **at the end of the CDBG contract term**, the notice should include:

- **notice that the accomplishments under the grant will be disclosed**

## **RECORDKEEPING**

The applicant/grantee should keep a record of all public hearings. The record should contain copies of the Public Notices, minutes of the hearings documenting that the contents of the Notice were discussed at the hearing, and a list of attendees. Attendees are not required to sign a sign-in sheet, but the file should show that a list was made available for sign-in at the start of the hearing. If attendees were present but did not sign or if no one attended, the file should so indicate.

### **DECISIONS REGARDING APPLICATION CONTENTS/GRIEVANCES AND COMPLAINTS**

The local governing body has the sole discretion of deciding the contents of an application for funding. Any allegations made by any resident of the community that the procedural or legal requirements of the program are being violated should be thoroughly investigated. Any written complaints and grievances must receive a written response within 15 days where practicable.

## **SAMPLE**

### **NOTICE OF PUBLIC HEARING**

NOTICE IS HEREBY GIVEN that the City of \_\_\_\_\_ will conduct a public hearing by the City Council on Tuesday, April 4, 2003, at 8:00 p.m. at the City Hall Conference Room, \_\_\_\_\_ Street, to the discuss the Fiscal Year 2004 Community Development Block Grant program and to solicit citizen input.

Maximum award limits include a total of \$800,000 per year from the General\Native American and Economic Development Components combined. Up to \$500,000 per application per year may be awarded from the General\Native American and Economic Development Components. Grants up to \$35,000 per year from the General Planning and Technical Assistance allocation and \$35,000 per year for Economic Development Planning and Technical Assistance allocation may be awarded and do not count toward the \$800,000 cap. The Native American allocation is available for eligible activities in areas with concentrations of Native American Indians not federally recognized as an Indian tribe or rancheria. The amount of Native American funds available varies each year, and a grant from this allocation does not count toward the \$800,000 cap.

The five major activity categories are Housing-New Construction, Housing-Acquisition, Housing-Rehabilitation, Community Facilities/Public Services, and Public Works. Projects funded with CDBG allocations must carry out at least one of three National Objectives, as follows: Benefit to Targeted Income Group (TIG) persons, elimination of slums and blight, and meeting urgent community development needs.

The Community Development/Housing Department on behalf of the City of \_\_\_\_\_ anticipates applying for the maximum grant amount of \$800,000 under the General\Native American and Economic Development Components for housing rehabilitation and Reservation of Funds for small business loans as well as the maximum grant amount of \$70,000 from the General and Economic Development Planning and Technical Assistance Components.

The purpose of the public hearing will be to give citizens an opportunity to make their comments known. If you are unable to attend the public hearing, you may direct written comments to the City of \_\_\_\_\_, Community Development/Housing Department, \_\_\_\_\_ Street, \_\_\_\_\_, CA 95\_\_\_\_ or you may telephone \_\_\_\_\_. In addition, information may be obtained at the above address between the hours of 8:00 a.m. and 5:00 p.m. on weekdays.

**2003-04 Over-the-Counter  
State CDBG Program  
APPLICATION PACKAGE REQUEST FORM**

State CDBG Program  
2710 Gateway Oaks Drive  
North Building, Suite 190  
Sacramento, CA 95833

Please send a **2003-04** CDBG Over-the-Counter Application Package and Training Manual to:

Name: \_\_\_\_\_

Organization: \_\_\_\_\_

Address: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

Fax number: \_\_\_\_\_

\*\*\*\*\*

To the Applicant:

Mail, email or fax this Request form to:

**Stacy Tyhurst, Program Secretary**  
State Community Development Block Grant Program  
Economic Development Allocation  
California Department of Housing and Community Development  
**2710 Gateway Oaks Drive, North Building, Suite 190**  
**Sacramento, CA 95833**

Fax number: (916) 263-0489

Email: <mailto:Styhurst@hcd.ca.gov>

NOTES: If you return this form and do not receive a mailing within one week, please contact the CDBG Program Secretary at (916) 263-0484 or [Styhurst@hcd.ca.gov](mailto:Styhurst@hcd.ca.gov).